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Sent: 10/19/2020 12:14:43 PM
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Subject: FW: Very good article on the Delaware River Partners Terminal

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Subject: Very good article on the Delaware River Partners Terminal

Environmental groups appeal permits for LNG export facility in New Jersey

As liquefied natural gas demand grows globally, LNG by rail draws greater scrutiny.

Joanna MarshThursday, October 15, 2020

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Environmental groups are appealing the permits of an LNG export terminal in New Jersey. (Photo: Jim Allen/FreightWaves)

Environmental groups are appealing multiple permit approvals for a project that would include the transport of liquefied natural gas (LNG) via rail for export out of a New Jersey terminal. The organizations say the rail and truck transport of LNG needs more federal regulatory oversight given its volatile nature.

Delaware Riverkeeper Network and other local environmental groups are appealing permits from the U.S. Army Corps of Engineers and the New Jersey Department of Environmental Protection for the construction of an LNG terminal at the Gibbstown Logistics Center in Gibbstown, New Jersey. The terminal, which would be located off of the Delaware River, would be constructed by Energy Transport Solutions (ETS), a subsidiary of New Fortress Energy.

The LNG would be transported by rail or truck from a facility in Wyalusing, Pennsylvania, operated by New Fortress Energy. Construction at that facility, located in the Marcellus Shale region, has temporarily paused because of the coronavirus pandemic, according to local news sources.

"We look at every part of the supply chain that this project entails, and we consider every single step of it to be dangerous and untested," Delaware Riverkeeper Network Deputy Director Tracy Carluccio told FreightWaves.

The groups also want the Federal Energy Regulatory Commission (FERC) to rule that it has jurisdiction over this project, as it does with other LNG facilities. Delaware River Partners, a subsidiary of New Fortress

Energy, is seeking a declaratory order that FERC doesn't have jurisdiction over the Gibbstown project, according to local news reports.

Separately, New Fortress Energy and FERC have been battling over whether New Fortress Energy needed FERC's permission to build an LNG terminal in Puerto Rico.

"We think it's very important that FERC does exercise its jurisdiction and be able to apply the layer of regulation that FERC has within its power because right now there really is nobody, no agency with a specific liquefied natural gas expertise or experience that has reviewed the project ... and it's a huge gap in the regulatory oversight of this facility," Carluccio said.

That oversight should include an examination of proposed transloading operations and how other operations at the site, such as butane loading, might interplay with LNG activities, Carluccio said. The Gibbstown property also backs into area residents' yards, she said.

Neither Energy Transport Solutions nor New Fortress Energy returned requests for comment. But Energy Transport Solutions has told area news outlets that the project has gone through extensive environmental and regulatory review processes and it has received approval from multiple federal, state and local agencies.

Norfolk Southern (NYSE: NSC), whose network is within the vicinity of the LNG facility in Pennsylvania, wouldn't comment on the Gibbstown project because it's not involved in the project at this point. The railroad also said it isn't currently moving any LNG.

"Regardless, safety is our top priority no matter the commodity, and we always take whatever necessary measures to ensure safe operation," Norfolk Southern spokesperson Jeff DeGraff said.

As debate continues on the Gibbstown project, other local approvals are still needed. The Delaware River Basin Commission (DRBC) in September decided to delay until December a decision to approve a permit that would allow for the construction of an LNG terminal at Gibbstown.

The DRBC, a governmental body made up of several state representatives whose states border the Delaware River, decided at a board meeting on Sept. 10 to stay a vote on whether to approve the project. The DRBC had previously approved the project to build Dock 2 at the Gibbstown Logistics Center in March 2019, but environmental groups, including the Delaware Riverkeeper Network, appealed the approval.

Although the DRBC voted to stay its decision, New Fortress Energy subsidiary and terminal operator Delaware River Partners could start conducting in-water work for the Dock 2 project because it has a Section 404/10 permit issued by the U.S. Army Corps of Engineers.

According to the DRBC, the Gibbstown Logistics Center is a multiuse, deep-water seaport and industrial logistics center located on a portion of the former 1,630-acre DuPont Repauno facility. The project entails

the construction of a wharf that will have two deep-water berths in the Delaware River. Ultimately, the project will enable the export of bulk liquid products by vessel.

Environmental groups' concerns

Although the environmental groups have broader concerns about hydraulic fracturing or fracking, a process that extracts natural gas from the Earth, the groups are also concerned about the scale and scope of an accident involving the transport of LNG.

Since New Fortress Energy is a private company, it hasn't disclosed the potential routes it could use to transport LNG from the Pennsylvania facility to Gibbstown. But whether the material is transported by rail or by truck, it would likely pass through densely populated areas like Philadelphia.

A special permit granted to Energy Transport Solutions by the U.S. DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) in December 2019 allows for the transport of LNG by rail. That permit requires trains transporting 20 or more tank cars to have a two-way end-of-train device, with each car remotely monitored for pressure, location and leaks. ETS must provide training to emergency response agencies along the train route, as well as fulfill reporting requirements to PHMSA.

Should the material be released in an accident, it could cause extreme freeze burns within a quarter-mile to a mile because the material is cooled to minus 260°F prior to transport. That cooling reduces its volume, resulting in a concentrated amount in a container, according to Carluccio.

But the expansion of the material following a spill is also potentially dangerous because it would result in a powerful vapor cloud with a lot of energy behind it, Carluccio said. Should something ignite the cloud, such as a cigarette lighter, it could result in a very large fire that could cover a lot of ground, she said.

The groups are also concerned about the transloading of LNG that is planned to occur at Gibbstown because moving the material from one container to another increases the possibility for human error.

"It's really a novel approach to how a company can export and market LNG overseas because it's building an inland facility that will be the first in the nation that goes a long distance over so much volume," Carluccio said.

A March 2019 risk assessment report prepared for PHMSA said the causes of train accidents usually involve issues with the track quality or equipment design, method of operation, traffic exposure, and human factors. It also noted that experts associated with the Railway Supply Institute and the Association of American Railroads and governing bodies such as the Federal Railroad Administration are studying the technical aspects of moving hazardous materials via rail.

"When the probability of LNG tank car derailment is understood, better decisions can be made regarding the crashworthiness, placement, and operation of rail cars and the potential consequences from an LNG release due to a derailment. Further study for modeling the probability and consequences of transporting LNG by rail and truck will help decision-makers understand public risks and make informed decisions," the report said.

The report also said transporting LNG by rail could become an option for companies seeking to supplement LNG transportation via pipeline.

"There is evidence that a demand exists for shipping LNG by rail, and that rail shipments of LNG can be both competitive and complementary to the truck and pipeline networks. Since railroads have unique advantages and disadvantages compared to trucks, and the public safety implications are not fully developed, risk assessments provide additional insight into the shipment of LNG by rail," the report stated.

Federal involvement in LNG by rail

PHMSA's approval of Energy Transport Solutions' project is part of a wider plan introduced by President Donald Trump to encourage LNG exports and increase U.S. competitiveness. Trump issued an executive order in April 2019 that called for the U.S. secretary of transportation to propose a rule within 100 days treating LNG the same as other cryogenic liquids and allowing it to be transported in rail tank cars.

The order also instructed the Transportation and Energy departments to assess, within 180 days, the economic effects of the inability to move sufficient quantities of LNG to states in New England and other regions. It would also make it easier for LNG export terminals to receive the necessary federal approvals, which can typically take years.

Since then, Energy Transport Solutions received its permit and PHMSA issued a final rule allowing for liquefied natural gas by rail. According to PHMSA, this final rule incorporates newly designated additional safety requirements, such as an enhanced, thicker carbon steel outer tank and the remote monitoring of the pressure and location of LNG tank cars.

The rule also requires a two-way end-of-train or distributed power system when a train is transporting 20 or more tank cars loaded with LNG in a continuous block, or 35 or more such tank cars of LNG anywhere in the train consist. And the rule requires railroads to conduct route risk assessments to evaluate safety and security.

As PHMSA underwent the rulemaking process, House Democrats sought to prevent the rule from coming to fruition.

Environmental groups and more than a dozen states plus the District of Columbia have also filed a lawsuit against PHMSA on the rule.

According to Carluccio, because PHMSA's rule permitting LNG by rail was issued after New Fortress Energy received its special permit, the permit doesn't have some of the requirements of the final rule, such as requiring tank cars transporting LNG to have an extra steel jacket. Delaware Riverkeeper is part of the group suing the federal government over the rule.

"The dangers of LNG are attached to the properties of the material. It's not whether it's a rail car or a truck car or a ship," Carluccio said.

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